

Message Text

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ACTION SCI-06

INFO OCT-01 EUR-25 ISO-00 NSF-04 CIAE-00 INR-10 NSAE-00

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FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 1461

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TAGS: TGEN, ETRD, UR, SW,

SUBJECT: SWEDISH INDUSTRIAL RELATIONSHIPS WITH SOVIET SCST

REF: (A) STATE 16203

(B) STOCKHOLM A-304, 28 JULY 1972

SUMMARY: GOS AND SWEDISH ORGANIZATIONS HAVE MORE THAN ONE HUNDRED FIFTY YEARS OF BUSINESS, INDUSTRIAL, AND SCIENTIFIC INTERACTION WITH THE USSR AND ITS ORGANIZATIONS. SCIENTIFIC AND TECHNICAL AGREEMENTS HAVE BEEN EXECUTED BETWEEN THE TWO GOVERNMENTS AND BETWEEN SWEDISH AND SOVIET ORGANIZATIONS. TECHNICAL TRADE AND INDUSTRIAL AGREEMENTS ARE IN FORCE; THESE HAVE BEEN NEGOTIATED BETWEEN SWEDISH AND SOVIET ORGANIZATIONS AND FIRMS WITH AND WITHOUT GOS INVOLVEMENT. SWEDISH OFFICIALS WERE RETICENT AND RELUCTANT TO DISCUSS DETAILS OF INDUSTRIAL RELATIONSHIPS WITH SOVIET ORGANIZATIONS. THE PARAGRAPHS BELOW COVER BOTH THE SCIENTIFIC AND THE INDUSTRIAL RELATIONSHIPS TO THE EXTENT THAT THE LATTER COULD BE DETERMINED. END SUMMARY

1. THE DEVELOPMENT OF FORMAL COOPERATIVE SCIENTIFIC AND TECHNICAL AGREEMENTS BETWEEN SWEDEN AND THE COMMUNIST BLOC COUNTRIES IS DESCRIBED IN REFAIR. THE MECHANISM, CONTENT OF LIMITED OFFICIAL USE

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PROGRAMS, AND AGENCIES INVOLVED REMAIN AS REPORTED.

2. DISCUSSIONS WITH SWEDISH OFFICIALS IN THE MINISTRY OF FOREIGN AFFAIRS, THE SWEDISH EXPORT COUNCIL, THE SWEDISH BOARD FOR TECHNICAL DEVELOPMENT AND THE SWEDISH NUCLEAR FUEL SUPPLY (SNFS) COMPANY INDICATE THAT FORMALIZED BILATERAL S&T AGREEMENTS BETWEEN SWEDISH AND SOVIET ORGANIZATIONS, AS WELL AS BROAD AGREEMENTS BETWEEN THE GOVERNMENT OF SWEDEN (GOS) AND THE USSR, HAVE ENCOURAGED AND STIMULATED TECHNICAL TRADE BETWEEN THE TWO COUNTRIES. (THE VALUE OF ALL SWEDISH EXPORTS TO THE USSR IN 1972 AMOUNTED TO \$84,500,000, OR ABOUT 1 PERCENT OF SWEDEN'S TOTAL EXPORT TO THE WORLD FOR 1972. (SEE TRADE OF EUROPEAN NON-NATO COUNTRIES AND JAPAN WITH COMMUNIST COUNTRIES, 1969-1972, DEC 28, 1973, DOS/INR RESS-64)

3. THE SWEDISH-SOVIET AGREEMENT ON ECONOMIC AND TECHNICAL-SCIENTIFIC COOPERATION (SIGNED IN 1970) REFERS TO THE DEVELOPMENT OF ECONOMIC RELATIONS BETWEEN THE TWO COUNTRIES IN ALL FIELDS OF MUTUAL INTEREST. THE GOVERNMENT-TO-GOVERNMENT AGREEMENT DOES NOT REPLACE THE SWEDISH TRADE AGREEMENTS WITH THE USSR, HOWEVER, THE 1970 AGREEMENT IS MEANT TO COMPLEMENT THE EXCHANGE OF COMMODITIES THROUGH COOPERATION IN FIELDS OF JOINT INTEREST WITHIN RESEARCH PRODUCT DEVELOPMENT, SCIENCE, AND MARKETING (ARTICLE 3). A MIXED-SWEDISH-SOVIET COMMISSION (ABOUT 10 PERSONS FROM EACH SIDE) IS RESPONSIBLE FOR THE IMPLEMENTATION OF THE AGREEMENT. AT THE FIRST MEETING IN MOSCOW (1970), WITH THE SWEDISH MINISTRY OF INDUSTRY IN THE CHAIR, IT WAS UNANIMOUSLY AGREED TO LIMIT THE NUMBER OF FIELDS OF COOPERATING. THE FOLLOWING FIELDS WERE MENTIONED AS DESERVING EMPHASIS: MATERIALS TECHNOLOGY, TRANSPORTATION (PARTICULARLY RAILWAYS), AND THE GEOLOGICAL SCIENCES. THE MIXED COMMISSION AGREED THAT FIELDS SELECTED SHOULD BE THOSE WHERE THERE CAN BE NO IMMEDIATE COMPETITION BETWEEN SWEDISH AND SOVIET INTERESTS.

4. IN 1973, THE MIXED COMMISSION MET IN STOCKHOLM AND REAFFIRMED MUTUAL INTEREST IN CONTINUING INDUSTRIAL AND ECONOMIC COOPERATION AGREED TO IN 1970:

A. IN MATERIALS TECHNOLOGY PROGRESS HAS BEEN VERY SLOW, BUT AGREEMENT HAS BEEN REACHED TO UNDERTAKE COOPERATIVE PROJECTS IN FRACTURE MECHANICS, WELDING AND CORROSION. SWEDISH UNIVERSITIES AND INDUSTRY WILL LIMITED OFFICIAL USE

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WORK ON THESE SUBJECTS AND NO EXCHANGE OF DELEGATIONS BETWEEN THE TWO COUNTRIES IS INVOLVED:

B. PROGRESS IN TRANSPORTATION TECHNOLOGY HAS BEEN UNUSUALLY SLOW BECAUSE SEVEN SOVIET MINISTRIES PARTICIPATE IN THE DISCUSSIONS. THE DIRECTOR GENERAL OF SWEDISH RAILWAYS VISITED THE USSR IN NOVEMBER 1973 TO DISCUSS JOINT RESEARCH PROJECTS TO IMPROVE TRANSPORTATION OF GOODS BY APPLYING THE PRINCIPLE OF STANDARD

FREIGHT (ENHETSMÅSTPRINCIPEN) FROM THE PRODUCER TO THE CONSUMER;

C. IN THE GEOLOGICAL SCIENCES, THE SWEDISH BOARD FOR TECHNICAL DEVELOPMENT SUPPORTS PROJECT COOPERATION ON PROSPECTING METHODS OF DIFFERENT TYPES. THE GEOLOGICAL SURVEY OF SWEDEN, THE MINING ASSOCIATION, AND THE ISOTOPES TECHNIQUES LABORATORY REPRESENT SWEDEN IN JOINT RESEARCH PROJECTS.

ENVIRONMENTAL PROTECTION AND AVIATION TECHNOLOGY WERE ALSO ADDED TO THE LIST OF SUBJECTS FOR INCREASED COOPERATION IN THE 1973 STOCKHOLM MEETING OF THE MIXED COMMISSION. A PERMANENT SWEDISH-SOVIET WORKING GROUP WAS ESTABLISHED BY THE MIXED COMMISSION TO PROMOTE COOPERATION IN ENVIRONMENTAL PROTECTION, PARTICULARLY CONCERNING THE BALTIC SEA. SWEDEN IS INTERESTED IN SOLVING THE PROBLEM OF WASTE WATER EMISSION FROM INDUSTRY, ESPECIALLY THE CELLULOSE AND FOOD PROCESSING INDUSTRIES. THE SOVIETS HAVE PROPOSED BILATERAL CONTACTS IN AVIATION TECHNOLOGY TO STUDY SLUS

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THE SCST MAY MAKE GENERAL AGREEMENTS WITH SWEDISH FIRMS, SUCH AS ALFA LAVAL (A.L.). AL MAY THEN PROVIDE A LICENSE TO THE APPROPRIATE SOVIET LICENSING ORGANIZATION TO PERMIT SOVIET MANUFACTURE OF A GIVEN AL ITEM. AL MAY ALSO AGREE TO "JOINT COOPERATION PRODUCTION" WITH THE MINISTRY OF FOREIGN TRADE OF THE USSR IN ORDER TO GET MARKETS FOR AL'S PRODUCTS IN THE SOVIET UNION. THE SCST DOES NOT SIGN COMMERCIAL OR INDUSTRIAL AGREEMENTS WITH SWEDISH FIRMS.

6. NEGOTIATIONS BETWEEN SWEDISH AND SOVIET OFFICIALS OFTEN

REQUIRE SEVERAL MEETINGS OVER A LONG PERIOD OF TIME. ONE SWEDISH OFFICIAL POINTED OUT THE CONTRACTS SIGNED IN 1970 WERE INITIATED BY THE SWEDES TWO OR THREE YEARS BEFORE. IT WAS EMPHASIZED THAT, ON THE SWEDISH SIDE, THE NEGOTIATING FIRM HAS A FREE HAND, THAT THE MINISTRY OF TRADE HAS ONLY A GENERAL INTEREST IN THE PROCEEDINGS, AND THAT THE SWEDISH NEGOTIATING FIRM MAY CALL UPON, IF IT CHOOSES, THE ROYAL ENGINEERING SCIENCES ACADEMY FOR ASSISTANCE WITH SCIENTIFIC AND TECHNICAL ASPECTS. THE FINAL AGREEMENT IS SIGNED BY THE SWEDISH FIRM AND THE APPROPRIATE SOVIET MINISTRY OR OTHER STATE ENTITY. THE PRESENCE OF SCST (IF AT ALL) BEYOND THE INITIAL APPEARANCE OF GETTING NEGOTIATIONS STARTED BETWEEN THE PARTIES, IS NOT OTHERWISE EVIDENT. SWEDISH INDUSTRIAL CON-
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TRACTS WITH SOVIET ORGANIZATIONS ARE USUALLY CLOSELY HELD AND NEVER MADE PUBLIC.

7. THE SWEDISH EXPORT COUNCIL HAS ATTEMPTED TO CREATE BETTER COMMERCIAL CONTACTS WITH THE SOVIET UNION. THE SOVIET SCST AND THE COUNCIL HAVE A FORMAL AGREEMENT (SIGNED IN 1969) TO PROMOTE INCREASED COOPERATION. IN 1973, THIS AGREEMENT FORMED THE BASIS FOR INCREASED SWEDISH-SOVIET INTERACTION IN THE ORGANIZATION OF RETAIL TRADE, THE PROMOTION OF THE PULP AND PAPER INDUSTRY, AND THE MANUFACTURE OF PREFABRICATED HOUSES.

8. THE SWEDISH NUCLEAR FUEL SUPPLY (SNFS) COMPANY (KARNBRANSLEBOLAGET -- A QUASI-GOVERNMENT COMPANY REPRESENTING THE STATE POWER BOARD AND SWEDISH UTILITIES) WILL CONCLUDE A CONTRACT THIS WEEK WITH THE SOVIET UNION FOR THE DELIVERY OF ENRICHED URANIUM BEGINNING IN 1979. (SEE BRUSSELS 931, 12 FEB 74). SCIATT MET WITH OFFICIALS OF SNSF AND DISCUSSED THE NEGOTIATION OF THE AGREEMENT TO SUPPLY ENRICHED URANIUM SERVICES TO SWEDEN. THE FOLLOWING ARE HIGHLIGHTS OF THE DISCUSSION:
(A) THE GOS-USSR AGREEMENT SIGNED IN 1970 (SEE PARAGRAPH 3 ABOVE) REFERRED TO COOPERATION BETWEEN THE TWO GOVERNMENTS IN URANIUM ENRICHMENT SERVICES AND DELIVERY OF FISSIONABLE MATERIALS.
(B) THE FIRST MEETING BETWEEN SNSF AND SOVIET OFFICIALS ON URANIUM ENRICHMENT SERVICES TOOK PLACE IN MID-1973. THIS WAS AN EXPLORATORY MEETING TO DISCUSS THE POSSIBILITIES, THE PERSONS AND ORGANIZATIONS THAT MIGHT BE INVOLVED, THE GENERAL CONDITIONS AND REQUIREMENTS, AND RELATED MATTERS.
(C) IN NOVEMBER 1973, THE SOVIET ORGANIZATION TEKHSNABEXPORT SUBMITTED A DRAFT AGREEMENT TO SNSF "IN BADLY WRITTEN ENGLISH." SNSF REVIEWED THE DRAFT WITH THE MINISTRIES OF FOREIGN AFFAIRS AND TRADE AND SWEDISH LEGAL AUTHORITIES. THE LATTER WERE EXTREMELY UNCOMFORTABLE WITH THE "FINAL ENGLISH VERSION" WHICH SWEDISH OFFICIALS ATTEMPTED TO IMPROVE.

(D) WHILE THE DRAFT AGREEMENT WAS BEING REVIEWED, THE GOS
GAVE A \$60 MILLION LETTER OF CREDIT TO SNSF AND DELEGATED
AUTHORITY TO THE MANAGING DIRECTOR OF SNSF TO NEGOTIATE
AN AGREEMENT WITH TEKHSNABEXPORT.
(E) THE ONLY SOVIET ORGANIZATION INVOLVED IS TEKHSNABEXPORT
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AND ITS OFFICIALS. AS FAR AS SNSF IS AWARE, THE SOVIET
SCST HAS NOT BEEN REPRESENTED IN THESE NEGOTIATIONS.
(F) NEGOTIATIONS, IN THIS PARTICULAR CASE, HAVE BEEN FAIRLY
RAPID. SOVIET OFFICIALS WERE RESERVED, CORRECT, AND
"CHECKED WITH MOSCOW BEFORE AGREEING TO CHANGES."
CORRESPONDENCE IS CONDUCTED IN ENGLISH AND SWEDISH (NOT
RUSSIAN) AND THE SOVIETS INSIST THAT THE FINAL VERSION
OF THE AGREEMENT SHALL BE IN ENGLISH AND SWEDISH.
(G) THE FINAL AGREEMENT FOR THE DELIVERY OF ENRICHED
URANIUM WILL BE SIGNED BY THE MANAGING DIRECTOR, SNSF,
AND A MR. VOLCHKOV OF TEKHSNABEXPORT IN MOSCOW. ONLY
TWO SWEDISH REPRESENTATIVES WILL BE IN MOSCOW FOR THE
CONCLUSION OF THE AGREEMENT: THE MANAGING DIRECTOR,
SNSF, AND A REPRESENTATIVE FROM THE SWEDISH MINISTRY
OF TRADE (UNNAMED).
(H) SNSF OFFICIALS EXPRESSED CONFIDENCE THAT THE SOVIETS
WOULD DELIVER ACCORDING TO THE TERMS OF THE AGREEMENT.
IT IS "MATTER OF PRIDE" FOR SOVIETS TO LIVE UP TO THEIR
COMMITMENTS, ACCORDING TO SNSF.

9. SWEDEN'S SCIENTIFIC AND INDUSTRIAL RELATIONSHIPS WITH THE
SOVIET UNION ARE MODEST, USEFUL, AND POLITICALLY NECESSARY
AND IMPORTANT. SWEDISH OFFICIALS ENCOUNTER THE SAME PROBLEMS
THAT OFFICIALS IN OTHER WESTERN COUNTRIES HAVE IN THEIR
RELATIONSHIPS WITH THE SOVIETS: UNCERTAINTY, LACK OF INDIVI-
DUAL INITIATIVE, SUSPICION, FORMALITY OF PROCEDURE, AND A
STULTIFYING BUREAUCRACY.
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